



**MEETING OF THE RETIREMENT BOARD  
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND  
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT  
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY  
33 N Dearborn St, Suite 1000  
Chicago, IL 60602**

**Minutes for the November 7, 2013 Meeting of the Board**

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call.

**Trustees Present:** Diahann Goode, Alexis Herrera, Robert Janura, Brent Lewandowski, Patrick McFadden, Patrick Nester, Samuel Richardson, Jr. and Ivan Samstein

**Staff Present:** Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance; Paul Rzeszutko, Director of Annuity Benefits; Brenda Deming, Director of Health Benefits; David Cholewa, Director of Systems and Project Management; Margaret Fahrenbach, Legal Adviser; Gary LeDonne, Senior Benefit Advisor; Rachel Farris, Manager of Communications; Beverly Romanini, Executive Administrative Assistant

**Others Present:** Mary Pat Burns, Burke Burns & Pinelli, LTD; Katie Sabo, Commissioner Gainer's Office; Jason Parks, Loop Capital; Rick Baert, Pensions & Investments

**Public Comment**

Trustee Herrera, Vice-President and presiding officer in President Fitzgerald's stead, asked if anyone present would like to address the Board. No one having requested to do so, the Board considered the next item of business on the Agenda.

**1. Review and Consideration of:**

- a. October 3, 2013 Board Meeting Minutes.

It was moved by Trustee McFadden and seconded by Trustee Richardson that the minutes of the October 3, 2013, Board Meeting be adopted.

Vote Result: With seven voting 'aye' and one voting 'nay' the  
MOTION ADOPTED BY VOICE VOTE

- b. Bills, Payroll Records, Annuities, Spouse and Child Annuities, Ordinary and Duty Disabilities, and Refunds.

The Fund's monthly bills and payroll records were presented for the Board's approval.

It was then moved by Trustee McFadden and seconded by Trustee Goode that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records be approved.

Roll Call Vote:  
AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson,  
Samstein  
NAYS: None

Vote Result: MOTION ADOPTED

- c. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Lewandowski, having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:  
AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson,  
Samstein  
NAYS: None

Vote Result: MOTION ADOPTED

- d. Ordinary and Duty Disabilities

The Fund's staff then presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee Richardson and seconded by Trustee Goode having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented ordinary and duty disability applications be approved.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Samstein

NAYS: None

Vote Result: MOTION ADOPTED

## 2. Administrative Report

Nickol R. Hackett stated that the Fund was preparing the annual report to state legislators sitting on the pension subcommittees regarding the Fund's Emerging Managers program. The Fund is currently in the process of responding to the questionnaire which is to be provided to the members of the pension subcommittees in advance of the presentation which will be made on December 11, 2013.

Ms. Hackett also reported that pension reform legislation affecting the Chicago Park District Employees' Annuity and Benefit Fund (SB 1523) had passed both the houses of the legislature, but had not yet been signed by Governor Quinn. The trustees discussed what impact SB 1523 might have on the Fund. Ms. Hackett reminded the trustees that some members had not yet completed the necessary hours of education for 2013. She stated that the Fund would be in contact with those trustees to assist them in obtaining the necessary hours. Ms. Hackett also requested that the Board approve her attendance at the TIAA-CREF real estate advisory and due diligence meeting on November 18, 2013.

### a. Travel Approval – TIAA-CREF Asset Management Core Properties

It was then moved by Trustee Janura and seconded by Trustee Nester that the expenses, including any associated travel expenses, incurred by the Fund Staff in attending the 2013 TIAA-CREF Real Estate Advisory and Due Diligence meeting in Washington, D.C. on November 18-19, 2013, at an estimated cost of \$1,800 per attendee, be approved provided that any reimbursement shall be in and for amounts consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Samstein

NAYS: None

Vote Result: MOTION ADOPTED

b. ADP

Michael Maratea reported about the status of the payroll administrator used by the Fund for its own employees. Mr. Maratea stated that the Fund currently used Ceridian but has found them to be ineffective and unresponsive to service problems. He stated that the Fund had met with representatives of ADP, who had previously provided payroll services to the Fund, and that ADP would be able to provide the services currently received from Ceridian for a slightly lower cost. Because of their location in Chicago, Illinois, Mr. Maratea expected that ADP would be more attentive to the Fund in addressing service problems and proposed that the Fund retain ADP.

It was then moved by Trustee McFadden and seconded by Trustee Janura that the Fund retain ADP as the vendor for processing the Fund's payroll and administering the Fund's FSA plans as presented and that the Fund's staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, the execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Samstein

NAYS: None

Vote Result: MOTION ADOPTED

3. Election Report

a. Report of Independent Election Administrator

Paul Rzeszutko presented the reports of the Independent Election Administrator ("IEA") dated September 20, 2013, and November 6, 2013, regarding the Retirement Board elections for a County employee member, a County annuitant member and a Forest Preserve District annuitant member. Mr. Rzeszutko reported that the Fund received petitions from only one candidate for the County annuitant member and the Forest Preserve District annuitant member. Based upon the IEA's letter dated September 20, 2013, because there was only one candidate for each of those positions, there was no need to conduct an election. The IEA reported that John E. Fitzgerald was the winner of the County annuitant member election and Robert Janura was the winner of the Forest Preserve District annuitant member election. The Fund received petitions from five candidates for the County employee position and the election was held in accordance with the Fund's rules. The Fund did not receive any petitions challenging the nominating petitions or the election. Based upon the duly conducted election, the IEA reported in his letter dated November 6, 2013, that Alexis Herrera was the winner of the County employee member election. The trustees then generally discussed the election procedures including turnout as it compared with other years.

It was then moved by Trustee Goode and seconded by Trustee McFadden that the Final Report of the Independent Election Administrator dated November 6, 2013, be accepted as a

true and accurate report of the results of the election held on October 30, 2013, and consistent therewith, that Alexis Herrera was elected as the Cook County Employee Member Trustee. It is further moved that the Independent Election Administrator's letters dated September 20, 2013, stating that John E. Fitzgerald was the sole candidate for election as the Cook County Annuitant Trustee and that Robert Janura was the sole candidate for election as the Forest Preserve District Annuitant Member Trustee be accepted as true and accurate reports.

Vote Result:        **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

- b. Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election Held on October 30, 2013

It was then moved by Trustee McFadden and seconded by Trustee Richardson that the Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election Held on October 30, 2013, be accepted and, consistent therewith, that Alexis Herrera be declared the winner of that election and that she be administered and execute the Oath of Office. It is further moved that the Fund's staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 5/9-186 of the Pension Code.

- c. Proclamation of Election and Declaration of the Winner of the Cook County Annuitant Member Election Scheduled to be Held on October 30, 2013

It was then moved by Trustee McFadden and seconded by Trustee Richardson that the Proclamation of Election and Declaration of the Winner of the Cook County Annuitant Member Election Scheduled to be Held on October 30, 2013, be accepted and, consistent therewith, that John E. Fitzgerald be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund's staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 5/9-186 of the Pension Code.

- d. Proclamation of Election and Declaration of the Winner of the Forest Preserve District Annuitant Member Election Scheduled to be Held on October 30, 2013

It was then moved by Trustee McFadden and seconded by Trustee Richardson that the Proclamation of Election and Declaration of the Winner of the Forest Preserve District Annuitant Member Election Scheduled to be Held on October 30, 2013, be accepted and, consistent therewith, that Robert Janura be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund's staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 5/9-186 of the Pension Code.

Vote Result:        **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

#### 4. Health Benefits Report

##### a. Consideration of October 24, 2013 Health Benefits Committee Recommendations

Nickol Hackett reported on the changes that needed to be made to PBMS in order to accommodate the cost saving measures to be implemented in the designs of the annuitants' health benefits plans. The Fund needs to retain Novitas to modify the PBMS application to support the "Cost Plus" and BCBS self-billing process at a project cost of \$31,000.

It was then moved by Trustee Lewandowski and seconded by Trustee Nester that the Fund approve the recommendation of the Health Benefits Committee that the PBMS system be modified to support the "Cost Plus" and BCBS self-billing process and that the modifications be performed by Novitas Business & Technology Solutions Provider, LLC, at a project cost not to exceed \$31,000. It is further moved that the Fund's staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, the execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

##### Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Samstein  
NAYS: None

Vote Result: MOTION ADOPTED

##### b. Open Enrollment

Brenda Deming then reported on the Open Enrollment meeting held on November 1, 2013. She found that the members attending had overwhelming positive comments about the plan changes. Vendors providing screening and other demonstrations for the attendees. Nickol Hackett stated that there was a lot of engagement between the Fund staff and the members. The lower attendance could be attributed to the fact that the costs for health benefits remained largely constant and that members were not compelled to make changes.

#### 5. Consideration of October 29, 2013 Investment Committee Recommendations

Nickol Hackett reported that at their meeting on October 29, 2013, the Investment Committee considered three finalists in its search for a Global Fixed Income Manager and recommended that the Board select Franklin-Templeton Institutional for an investment of approximately \$200,000, 000 for the County Fund. This investment represents a new sub-asset class for the County Fund and provides for more diversification in the portfolio. The investment is about 9% of total allocated fixed income assets and represents less than 2.5% of total County Fund assets. In addition, Ms. Hackett stated that at the meeting on June 17, 2013, the Investment Committee approved that TIPS be reclassified into a multi-sector sub-asset class.

It was then moved by Trustee Janura and seconded by Trustee Lewandowski that the Board approve the recommendation of the Investment Committee to modify the fixed income structure by reclassifying TIPS into a multi-sector sub-asset class.

Vote Result:        **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was then moved by Trustee McFadden and seconded by Trustee Janura that the Board approve the recommendation of the Investment Committee to select Franklin-Templeton Institutional as a Global Fixed Income Manager for approximately a \$200 million mandate for the County Fund which will be funded from TIPS and other core assets subject to satisfactory completion of due diligence and successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of related written agreements on behalf of the County Fund.

Roll Call Vote:

**AYES:**                Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson,  
                                 Samstein

**NAYS:**                None

Vote Result:        **MOTION ADOPTED**

## 6. Legal Report

### a. Notice of Felony Convictions

Margaret M. Fahrenbach reported on recent felony convictions regarding County employees. She stated that on October 28, 2013, Mr. Thomas Hawkins and Mr. John Racasi were found guilty by a jury of accepting bribes while they were employed by the County Board of Review. Because both Mr. Hawkins and Mr. Racasi had received refunds from the Fund, they were no longer eligible to receive benefits and the Board did not need to take any action in regard to their convictions. Ms. Fahrenbach also stated that on July 30, 2013, Mr. Robert Mitchell pled guilty to charges relating to the sale of cigarettes without the required revenue stamps and that he was sentenced on October 29, 2013. Although Mr. Mitchell has not requested a refund of his contributions, there is no need for the Board to take any action regarding his conviction because he does not have enough service and is too young to receive annuity benefits from the Fund. Information regarding his guilty plea and sentencing will be maintained in the Fund's records. The trustees discussed the most cost effective way of identifying those members who might have felony convictions relating to their employment. Fund staff agreed to investigate that matter and report back to the Board.

### b. Hayward Settlement Agreement

Ms. Fahrenbach then reported that a settlement agreement had been negotiated between the parties in *Hayward v. County Employees' and Officers' Annuity and Benefit Fund of Cook*

County, which was brought by Ms. Latoya Hayward in regard to how the Fund administered benefits to returning military benefits under federal law. The settlement provides that Ms. Hayward will be able to purchase service credit for her military service, including the ninety days after her discharge without interest. In addition, the Fund will provide a notice to all members regarding the benefits available for veterans.

It was then moved by Trustee McFadden and seconded by Trustee Janura that the Board approve the Settlement Agreement proposed for *Hayward v. County Employees' and Officers' Annuity and Benefit Fund of Cook County*, 13 C 2887, and that the Fund Staff be authorized to take all action reasonably necessary to effectuate the foregoing.

Vote Result:        **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

#### 7. Review and Approval of Military Service Policy

Paul Rzeszutko then presented to the Board the Military Service Policy that had been prepared by the Fund's staff. He reported that the benefits for members of the military who return to County service are governed by both the Pension Code and federal law. This policy will better inform members of their rights to benefits for their military service and will enable the Fund staff to better administrate those benefits.

It was then moved by Trustee McFadden and seconded by Trustee Richardson that the Board approve the Military Service Policy presented and that the Fund staff be authorized to implement the policy instantler.

Vote Result:        **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

#### 8. Old Business/New Business

There was no old business or new business discussed.

There being no further business before the Board, the meeting was adjourned.

The next Board meeting is scheduled for December 5, 2013, at 9:30 a.m.